

SIXTH DAY
(Tuesday, June 12, 1984)

The Senate met at 9:30 o'clock a.m., pursuant to adjournment and was called to order by the President.

The roll was called and the following Senators were present: Blake, Brooks, Brown, Caperton, Doggett, Edwards, Farabee, Glasgow, Harris, Henderson, Howard, Jones, Kothmann, Leedom, Lyon, Mauzy, McFarland, Montford, Parker, Parmer, Santiesteban, Sarpalius, Sharp, Sims, Traeger, Truan, Uribe, Vale, Williams.

Absent-excused: Washington, Whitmire.

A quorum was announced present.

The Reverend Dr. Marvin Griffin, Ebenezer Baptist Church, Austin, Texas, offered the invocation as follows:

Lord, our oars have brought us into mighty waters. The way we take will determine our future. Guide us in the right direction.

We need an educational system vigorously engaged in the pursuit of excellence; we need vastly improved highways in order for Texas to continue to grow and prosper.

Give to Your servants, the Texas Senate, courage to provide a tax measure to meet the critical needs of our State; and wisdom to find the most equitable and just manner of taxation.

The eyes of Texas are upon this Special Session of the Legislature. Strengthen each Senator, O God, with the blessed assurance that the eyes of the Lord are upon what is done here today. Amen.

On motion of Senator Mauzy and by unanimous consent, the reading of the Journal of the proceedings of yesterday was dispensed with and the Journal was approved.

LEAVES OF ABSENCE

Senator Washington was granted leave of absence for today on account of important business on motion of Senator Brooks.

Senator Whitmire was granted leave of absence for today on account of important business on motion of Senator Williams.

MESSAGE FROM THE HOUSE

House Chamber
June 12, 1984

HONORABLE W. P. HOBBY PRESIDENT OF THE SENATE

SIR: I am directed by the House to inform the Senate that the House has passed the following:

H.C.R. 12, Requesting Congress not to enact **H.R. 5143** and **H.R. 5144**, relating to regulation of State public pension systems.

H.C.R. 18, In memory of former Speaker Wingate Stuart Barron, Sr.

H.C.R. 21, In memory of Mrs. Marjorie Belew.

S.C.R. 4, A memorial to the Honorable Lindley Garrison Beckworth.

Respectfully,

BETTY MURRAY, Chief Clerk
House of Representatives

GUESTS PRESENTED

Senator Montford was recognized and presented to the Senate Mrs. Majorie McAlister Thompson, Marcus McAlister and step-father, Gordon Thompson.

The President presented an enrolled copy of S.C.R. 3 to Mrs. Thompson.

Mrs. Thompson expressed her appreciation to the Senate.

SENATE CONCURRENT RESOLUTION 11

Senator Harris offered the following resolution:

WHEREAS, This 12th day of June, 1984, is the 43rd birthday of our esteemed colleague and friend, Bob McFarland, a freshman member of the upper chamber who during his first term in office has consistently displayed the legislative skill and leadership of a seasoned senatorial veteran; and

WHEREAS, Senator McFarland, a multitallented individual who also excels at cooking up a memorable prank or a gourmet feast, is continuing the outstanding record of public service he established during his three previous terms in the Texas House of Representatives from 1977 to 1983; and

WHEREAS, Named by Texas Monthly as one of the 10 best legislators of both 1981 and 1983, the magazine aptly compared him to baseball great Joe DiMaggio, noting that he "plays the legislative game the same way Joe DiMaggio played center field: gracefully, instinctively, making the hard ones look easy"; and

WHEREAS, Senator McFarland has truly lived up to this well-deserved comparison throughout his tenure in the Texas Legislature; an articulate spokesman in debate, he is well known for his intelligent and perceptive approach to even the most complex and heated issues, and his services are often in demand as a mediator when legislative disputes arise on the floor or in the committee room; and

WHEREAS, This distinguished legislator has earned the admiration and loyalty of all of his former and present colleagues in the Legislature, and we welcome the opportunity to honor him on this special day in his life; now, therefore, be it

RESOLVED, That the 68th Texas Legislature, 2nd Called Session, hereby extend its most sincere birthday greetings and congratulations to Senator Bob McFarland; and, be it further

RESOLVED, That an official copy of this resolution be prepared for Senator McFarland as an expression of high regard from his many friends in the Texas Legislature.

The resolution was read and was adopted.

SENATE CONCURRENT RESOLUTION 10

Senator Sarpalius offered the following resolution:

S.C.R. 10, Commending the Nuclear Waste Programs Office, Governor's Office of General Counsel for its careful and objective deliberation in the matter of proposed high-level nuclear waste disposal in Deaf Smith and Swisher counties.

The resolution was read.

On motion of Senator Sarpalius and by unanimous consent, the resolution was considered immediately and was adopted.

SENATE BILL AND RESOLUTION ON FIRST READING

The following bill and resolution were introduced, read first time and referred to the Committees indicated:

S.B. 11 by Jones Finance
Relating to the financing of certain public buildings and the establishment of the Texas Public Building Authority.

S.C.R. 9 by Brown Administration
Requesting that the Department of Public Safety study the advisability of authorizing the placement of rooftop strobe lights on school buses.

HOUSE RESOLUTION ON FIRST READING

The following resolution received from the House was read the first time and referred to the Committee indicated:

H.C.R. 12, To Committee on Intergovernmental Relations.

ESCORT COMMITTEE APPOINTED

In accordance with the provisions of **H.C.R. 19**, the President announced the appointment of the following as a Committee to Escort The Honorable Ann Richards and Admiral Bobby R. Inman to the Joint Session: Senators Brooks, Caperton, Edwards, Glasgow and Henderson.

SENATE RESOLUTION 68

Senator Edwards offered the following resolution:

WHEREAS, As the Capitol restoration work nears completion, it is appropriate that the Senate commend those efforts that have reached fruition; and

WHEREAS, A facet of the completed restoration that is especially attractive and that has already received many well-deserved compliments is the splendid new carpet in Senate work areas, several Senate offices, and in the gallery of the Senate Chamber; and

WHEREAS, The quality and beauty of the carpet is a credit to the employees of the manufacturer, Marlin Mills, Incorporated, and those in the company who gave special attention to the project: Roy Jennings, President; Frank Jennings, Vice-President; Allen Griswold, Sales Manager; and Jim Smarr, Territory Sales Manager; and

WHEREAS, Additional recognition and appreciation are due the individuals and companies who participated in the carpet installation and other aspects of the completed project: Paul Stewart of San Antonio Floor Finishers; David Bandy, Austin Project Manager of Warrior Construction; and Jack Lackey of Lawrence D. White and Associates of Austin; now, therefore, be it

RESOLVED, That the Senate of Texas, 68th Legislature, 2nd Called Session, express sincere gratitude for the contributions made by these Texans to enhance the heritage and beauty of the Capitol of Texas; and, be it further

RESOLVED, That copies of this Resolution be prepared for them as an expression of the appreciation of the Texas Senate.

The resolution was read and was adopted.

RESOLUTIONS SIGNED

The President announced the signing in the presence of the Senate the following enrolled resolutions:

H.C.R. 13

H.C.R. 19**MOTION TO ADJOURN**

On motion of Senator Mauzy, the Senate at 9:50 o'clock a.m. agreed to recess until 10:00 o'clock a.m. today to attend the Joint Session and at the conclusion of the Joint Session would stand adjourned until 9:30 o'clock a.m. tomorrow.

RECESS

On motion of Senator Mauzy, the Senate at 9:50 o'clock a.m. took recess until 10:00 o'clock a.m. today.

JOINT SESSION

(To hear addresses of State Treasurer Ann Richards and Admiral Bobby R. Inman)

Pursuant to the provisions of H.C.R. 19, the President announced the hour had arrived for the Joint Session of the two Houses to hear addresses by the Honorable Ann Richards, State Treasurer, and Admiral Bobby R. Inman, President and Chief Executive Officer of Microelectronics and Computer Technology Corporation.

Accordingly, the Senators present accompanied by the Secretary of the Senate and the Sergeant-at-Arms repaired to the Hall of the House of Representatives at 10:00 o'clock a.m. and were escorted to seats provided for them.

The President was announced by the Doorkeeper of the House and, by invitation of the Speaker of the House, occupied a seat on the Speaker's Rostrum.

State Treasurer Richards and Admiral Inman were announced by the Doorkeeper of the House and were escorted to the Speaker's Rostrum by Senators Brooks, Caperton, Edwards, Glasgow and Henderson, on the part of the Senate and Representatives Danberg, A. Garcia, Parker, Crockett and S. Thompson on the part of the House of Representatives.

The President called the Senate to order and announced a quorum of the Senate present.

The Honorable Gib Lewis, Speaker of the House of Representatives, called the House to order, announced a quorum of the House present and stated the purpose of the Joint Session.

Speaker Lewis introduced Admiral Bobby R. Inman who addressed the Joint Session as follows:

Governor Hobby, Speaker Lewis, ladies and gentlemen of the Texas Legislature. I am deeply honored by the invitation to visit with you this morning. I've not come to tell you what you have to do, nor have I come to tell you how to pay for it. I deeply appreciated the invitation to talk to you about what I consider an enormously critical issue for the economic prosperity of the State, indeed for the leadership of the country in the years out ahead.

I am a student in early years of a consolidated school in East Texas called Harmony. The rest of my primary school and the first of my high school years were in the Panhandle in the public school system at Dumas. I graduated from high school from Mineola in 1946. I was too young to be admitted to The University of Texas, so I went to Tyler Junior College and then came on here to graduate in 1950. A major in history, government, and economics, a pre-law student. To this body of many lawyers I would simply say I tried law school for a semester and I thought torts, contracts and legal bibliography were the duller things I had ever done, so I taught school for a year and I learned a lot about dealing with the public at large in PTA's and a whole range of things.

Then the Korean War draft board arranged my career for me. The inspiration to avoid the draft, then to find officer candidate school. To suddenly find the career field that I pursued for 31 years. Along those 31 years, I had to come to grips with using technology, and I must tell you, I did it unwillingly. But as an analyst in 1961 I suddenly found all the raw material I was using in tracking the Soviet navy had been automated for input automatically into computers and I no longer could read it easily. I complained to anyone who would listen to me and found they wouldn't listen and I had to change and learn to use technology. I found that the grounding and electives in science and math that I had taken in school, including through college, had given me sufficient base that I could pick up the technology, that I could become an avid user and ultimately a manager.

In 1982, I retired from government service. The opportunity came to put together this country's first consortium — competing companies willing to pool talent for the purpose of trying to maintain this country's preeminence in the information-handling industry. One of the fastest growing market sectors in the world, but one where our competitors abroad have recognized opportunity, and they're moving very rapidly, with education one of their key elements, to try to grab a major share of the world marketplace.

After agreeing to head MCC, I spent some months with a group of nine businessmen drawn from all over the country. In trying to decide where should this enterprise be put to ensure its success as a research center spewing out ideas ten years from now that would make a difference in this country's ability to compete economically, we looked at the established places where success is already ensured, California and Massachusetts, where the central feature is graduate-level education/research programs, generally rated the very best in the country. And when we looked at them we found the reason they are that good is because they got for ten years an enormous support in funding from the Defense Advanced Research Projects Agency and the National Science Foundation. That doesn't take away from their accomplishments, but it also demonstrated the critical role that investment played in creating those centers that worked with industry to spew out ideas.

When industry turned to manufacture the ideas that came out of those great research centers they elected to put much of that manufacturing in California and in Massachusetts. Now I'm persuaded that a critical element of that was the judgment that youngsters coming out of those public school systems, school systems that ranked in the top ten of the country, had the capacity to be trained to the level of technology that would be needed. Not producing the generation of computer "nerds" but giving a solid grounding that ensured all the students coming out had the opportunity for productive jobs in a burgeoning manufacturing sector.

When we looked at those areas we found they were saturated. They're going to be enormously important to the economic health of this country for a long time. But it was clearly time for another major center to develop. We looked in a great many places where there is a lot of work going, and let me tell you there were a good dozen states that have very energetic programs underway to try to be that third or fourth great new center of manufacturing in this country. We selected Texas, we selected Austin. There were two primary reasons that drove that decision. One was the committed level of investment in graduate-level educational research programs at The University of Texas at Austin and at A&M on a scale that persuaded us that this would become a center of academic excellence, computer science/electrical engineering, rivaling the Bay Area of California and Boston. The second area was collaboration between State and local officials, and the academic community in the private sector, on a scale that we had not found anywhere else. We found the work ethic was still very strong and alive.

In looking at what made it possible for that proposal to be put together, it was action by this body. Action by the Legislature in 1975 permitting endowing of chairs

at public universities and in 1981 permitting matching grants from the permanent fund. That legislation was key to the movement that is now underway to make The University of Texas at Austin the number-one public university in this country.

You already have seen signs in this past year of other research centers following. The announcement by 3M of moving research facilities here. The announcement of, yesterday, by Lockheed of moving a research center in software here. The beacon isn't MCC, we just brought the publicity. The beacon is the graduate-level education and research programs.

I have enormous confidence that out of these research centers are going to spew ideas and those ideas are going to offer the potential for an enormous boom in the manufacturing sector. But as industry turns to the critical question of deciding where to put the manufacturing facilities that will come, six, eight, ten years ahead, I believe they will look at a whole range of issues and they are going to look at some issues that we did not look at. Graduate-level education research drew the research center. When the corporations turn to decide where to put their manufacturing facilities they are going to still be very concerned about business climate, but they are also going to look at the quality of the work force. Along with that strong work ethic, is there going to be the base of knowledge to permit them to be trained rapidly to whatever level of technology is needed? My judgment is, that's the Achilles' heel for the potential great economic boom for this state in yet a new area. Let me tell you my strong conviction that so-called high tech is not going to replace agriculture in this State and it is not going to replace energy and they are going to continue to be very critical elements of this economy as far out as I can see. But the application of new technology that is going to come out of the ideas that we and others are going to produce are going to be used increasingly in agriculture and in energy, and in the existing manufacturing components that are already here, in ensuring an economic boom.

I had the privilege, yesterday, of visiting Waco; going up to talk to the Rotary Club. But I spent a couple of hours visiting another product of action by this Legislature, the Texas State Technological Institute. For dealing with the critical problem of training beyond education, how do you help companies train people quickly to the level of talent you need to make the machines work well and fast? I was discouraged to hear that two-thirds of the youngsters that come to TSTI for technical training have to do remedial work, some in reading, writing, as well as in math, before they are ready to undertake those training courses. So putting that against all the national statistics, whether you look at SAT scores or spending or the rest of it, the perception of the public education system ranked in the thirties is the greatest threat to the potential economic boom that lies out ahead of us.

I have been back in the State, as you know, less than a year and I was gone for 33 years. I have not had the chance to examine in great detail the performance of the public school system. Nor have I had a chance to look at the tax base, so I would not presume today to try to give you advice either on how to improve the system or on how to pay for it.

I believe all of us need to set as a goal that we want a public education that is in the top five in the country. That it takes us ten years to get there is far less important than the goal, and I believe industry will bet on the State if they see the drive is there, even if it is going to take ten years to get there. As long as there is the clear momentum aimed toward having one of the finest public education systems in the country.

I can't resist the temptation to offer you a little advice. In my earlier life, in managing some very large enterprises on our taxpayers' dollars, I had the privilege of four years of managing an operation in excess of \$2 billion a year and more than 45 thousand people scattered around the world, and I can tell you that the toughest part of management is managing change. And managing change by committee is

next to impossible. And so as you approach the problem, as you embark on the changes that bring this State the education system it needs, don't burden it down with problems in that process that are going to make it awfully hard to manage that change. And even in the enterprise that I'm engaged in now, with far fewer people and far fewer dollars, probably \$65 million going into the local economy, 420 to 450 people at work, nonetheless managing with 18 different corporations, each of whom has a member on the board of directors, has its own excitement. It is doable because of the strong authority vested in the chief executive officer. So as you look at the challenge, please know that you are going to have make sure you don't burden that change by a structure that is going to make it very difficult to implement.

If we have learned any lesson out of these last ten to fifteen years, of seeing the courts try to manage change in the education systems, and they have done some strong and some good things, clearly we know it's better if we manage it as citizens, rather than leaving it to the courts to do. So, clearly you have a great challenge ahead of you as you address the education problems, to deal with the tough problems. Don't leave it to the courts to decide what to do.

As a youngster growing up in the State, I was too scrawny to play football or basketball or baseball. I was in the band, but I loved all those athletic events and I went to all of them. I am here to tell you that I believe that education is the first priority, but I hope you will find you can afford to keep both.

Finally, Ambassador Ed Clark drug out of my past, when I was at UT as a teenager, that as my way of rebellion, I joined the Young Republicans. As a working adult in the service of this country, I was a registered Independent in California all those adult years. I've probably voted Republican more than I've voted Democratic. Education is a bipartisan issue.

I have never endorsed a political candidate and I don't plan to start, but I greatly admire Governor Mark White's courage in coming to grips with the public education problem and the cost, no matter what he may have promised before. And I was inflamed last night with some coverage about some ads focusing on taxes. But then I called around the State this morning and I found that some of my old friends, Bill Clements, Peter O'Donnell, and Boone Pickens are out working to support the Governor on this issue of reforming public education and on paying for it. It's a bipartisan issue that holds the future, not only of the youngsters that are coming along, but potentially of the nation, for indeed if this State rises to the occasion, it will provide the leadership this country must have in competing effectively at the international marketplace in the year 2000.

Thank you very much for your time.

The President introduced State Treasurer Ann Richards who addressed the Joint Session as follows:

I'm delighted that I was invited to speak with you today and, in an effort to acquaint myself with the miracle of high tech. All of you who have seen the roadshow before, with the charts, those of you who are seated on the sides and can't see those charts, we've arranged to provide the same picture to come up on your monitors there at your desk. (Charts follow text of speech)

The problem is not a complex one to understand, but I think that illustrations do simplify the matter.

Bob Bullock was here last week to tell you that in the long range you haven't got any money. And I'm here this week to tell you in the short range you don't have any money.

As an elected official, like most of you, the delivery of bad news or difficult problems is not something we want to do. But the truth of the matter is that the people of Texas didn't elect us to solve simple problems. If they were all that simple we wouldn't be necessary.

This morning we want to discuss with you a problem that relates to the cash flow of the State of Texas. It is the same kind of problem that most of us deal with in our own household budgets; and that is the timing of money and when you get it, and how you spend it, and the timing that accompanies that expenditure.

I want to thank, to begin with, Billy Hamilton of Comptroller Bob Bullock's office, Jim Oliver and Homer Scace in the Legislative Budget Board, Tom Scott in the Lieutenant Governor's office and Buddy Jones in the Speaker's office, who have provided immeasurable help to us in giving this presentation to you this morning so that you can understand the number of people that have been involved in trying to make some recommendations to you.

I hope that Chart No. 1 is up on your screen by now, which describes the Texas biennial expenditures for the last — this last biennium, including the coming year. Because what you do every session is that you come here to Austin and Bob Bullock does a gangbuster job of telling you how much money you have to spend for the coming two years.

And if you budget those expenditures into three separate categories...one category is general revenue, which, of course, is the bulk of it; and then there are two other categories which are the statutory funds described by law, and the other is the constitutional funds, described in the Constitution.

Now, obviously there are going to be periods of time when you're not going to have the same amount of money coming into the constitutional fund, the statutory fund or the general revenue fund that exactly matches the expenditure that's taking place at the time.

And so, when that occurs, you have a situation, for example, where we're short in general revenue for the State employee payroll, and we must get that money from somewhere. The Comptroller then turns to the statutory funds, of which there are 335, and for example, borrows money from the criminal justice planning fund, or from the state parks fund, to be able to cover whatever the shortfall is for that period of time in the general revenue fund.

By and large it is a rob-Peter-and-pay-Paul sort of activity that is called inner-fund borrowing. When general revenue runs short, we borrow everything that we can from the statutory funds to cover those shortfalls.

We may not touch any of those funds that are constitutionally described. And so that second little chart is just to show you that we rip a hole in the money bag for the statutory monies, and we put them into general revenue to cover the bills.

The next chart is to give you a notion of the mismatch that takes place between the months—between expenditures and revenues. Those nice little chimneys or brick-like columns show you the months in which our expenditures exceed our revenues. And the dark black columns show you the months in which the revenue exceeds expenditure.

So, you see, the severity of the mismatch that takes place between those months.

In the next chart, Chart No. 4, there is described for you in the same way with the top bar column describing the revenue in that month and the bottom bar column describing the expenditure, and a chart at the very bottom that shows you what takes place between September and April, and September and August.

We end the year in good financial shape, because you do not over-budget, and because you expend the monies that Bullock has described that are available for you to spend. But what happens to us in the spring of every single year, and this year is no different? It happens every single year...that the monies available in April, and in this year it is going to be March, are not available to cover the expenditures that take place. Even though the revenues come in in the summer so that you are able to deal with the problem, and we end with a balanced budget in August.

Now, the reason for that is that we advance money; you appropriate money so that you can assist local school districts that do not receive their local funds 'till

January. So, September and October you give the Foundation School Program 12-1/2% of their budget in September, 12-1/2% of their budget in October.

For the junior colleges you appropriate 50% of their entire year's budget in the first month of the fiscal year. And the reason that you do that is because those junior colleges depend on that revenue that is raised in interest by investing those funds to be able to get through their school year.

So, I want to caution you that in all of this talk about the timing of the appropriations, that any time you reduce the timing, that is, you give any group less money at any specific time, and particularly the junior colleges, you are imposing a severe financial burden on them because they need the interest earned on that money to be able to finish out their year.

Now, Chart No. 5 shows you why this year is different from other years. What happened to us in 1983, for example, and we chose that just as an arbitrary year, was that you began the fiscal year with \$1.4 billion in surplus. And while you have....the taxpayers say and often the newspapers say....that if you have a surplus, then obviously the public must be taxed too much. They couldn't be further wrong.

Because that surplus has afforded you the opportunity of making up the problems of cash flow that you have in the spring every year. But now that that surplus is being depleted and you are looking into FY 1985, beginning with a surplus of \$550 million, which is approximately one-third of what you had in 1983, you do not have the cushion of money to cover the problem that we face in the spring every year.

Chart No. 6 describes for you the activity that takes place in this State beginning in September 1 of every year. You see, we start the year in the black in August, because that's our high-revenue period, and then in September we transfer the monies to the foundation school fund, to the junior colleges and the other expenditures that we have in September and October, and it's just like pulling the plug in the bathtub. The money runs right straight down the drain, and we do not begin to recover until the summer months. All of that peak activity described on the chart that you see here is the inner-fund borrowing activity, and the difference this year is that we do not have the monies available to meet the red peak which you see at the bottom of the chart, which puts us further in the hole, because the surplus was not there to cover it.

Now, to compound the problem, and the reason I think that the Legislature was kind enough to ask me to speak today, is that in examining the proposal that is before you related to education, if you continue the appropriation pattern as outlined and the collection pattern that we believe will take place, you will be further in the hole by at least \$130 million in March and April of next year than you are in the hole now simply because the money goes out, and the revenue does not come in to cover that shortfall.

So, the sad message is that in beginning March and April of next year, there will be a cash shortfall of \$1.1 billion. We will be able to cover \$1.1 billion with an estimated \$650 million in inner-fund borrowing that is going to leave you \$550 million in the red.

Now, this has happened in the past, so that the State did go into the red, and the solution for that has been that the State Treasurer, under a statute called Special Demand Account, was able to go over and cut deals with private financial institutions that are State depositories, that are principally banks, and that deal would be that those banks would take the State's hot checks and they would hold those hot checks until we had the money to redeem them.

The cost of that activity was that we would leave our constitutional funds invested in those banks, drawing no interest, to compensate the banks for the loss of the money that they have extended to the State in what virtually is a loan agreement for a period of time.

As the fiduciary officer of this State, I will tell you that I have some serious reluctance to participate in that activity for a number of reasons. And I am not sure that it means that simply because the statute is there, that under the Constitution of this State that it is appropriate for the Treasurer to sign a warrant that she knowingly knows is a hot check.

And so, what we need is approximately \$500 to \$600 million in the spring of 1985. And we have examined any number of various solutions.

Now, you all recognized this problem for other governmental entities in the last session of the Legislature. You extended the authority to cities and river authorities and metropolitan transit authorities to be able to issue cash management notes, which is a well accepted technique. It's used in 25 other states, in thousands of cities and counties and other taxing entities.

I have been very reluctant to push that issue in this session of the Legislature because, very frankly, I think you have your plate full with other matters.

But there will be no question that we will be coming back to you to discuss the possibility of the issuance of such notes that we'll be able to see the Legislature through the long haul of cash planning.

A request has gone from Lieutenant Governor Hobby and Speaker Lewis to Governor White, on behalf of the Legislative Budget Board, to open the call of this issue of cash flow to this session of the Legislature. A bill is being prepared and we hope distributed to you in short order. But, in essence, it's a cooperative effort of the Treasury, the LBB staff and the Comptroller.

Some of the proposals that are going to come to you are that we move the franchise tax collection date from June 15th to March 15th. We are further going to suggest a leveling of payment to the foundation school program and an adjustment and leveling of junior college payments.

A questionnaire has been mailed from the LBB to school districts and to junior colleges to assess the impact on them because without a question, if that leveling takes place, you will also be asked to address the amount of money that it is going to cost those institutions when you take on that leveling process.

There will be a consideration of the placement of motor fuel tax income in the general revenue fund, with quarterly payments being made to the highway fund, which would give us the opportunity to use those funds within general revenue for the period of time that we're experiencing the shortfall.

We stand ready in my office, and I know that it is true of the Comptroller, to provide information and assistance to you individually or in your committee deliberations as you deem necessary on this problem.

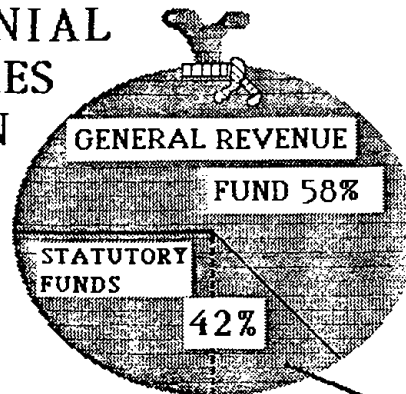
The long range solution is that attention must be given to the appropriation pattern in the regular session of the Legislature to determine a more even flow of money coming in as well as the money going out.

Again, I apologize for being here and not bringing you the best news in the world. Jim Oliver told me the other night that he had heard a wonderful expression, and that was that turkey feathers and deer tracks make mighty thin soup.

And that is exactly what we're dealing with in the Treasury for the spring of 1985 and I urge your assistance to address the problem.

Thank you very much.

**TEXAS BIENNIAL
EXPENDITURES
\$31 BILLION
(1984-85)**



GENERAL REVENUE FUND

EXPENDITURES FOR GENERAL
STATE OBLIGATIONS SUCH AS

- Foundation school program
- State employees payroll and matching costs
- Junior colleges
- Medical assistance
- Highways

335 STATUTORY FUNDS

EXPENDITURES STATUTORILY
RESTRICTED TO
NEEDS OF THESE FUNDS:

- Highway motor fuel tax fund
- State parks fund
- Criminal justice planning fund
- Comptroller's operating fund
- Foundation School Fund
- Departmental suspense fund
- 329 more

**CONSTITUTIONAL
FUNDS**

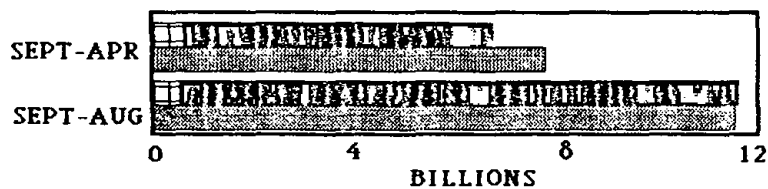
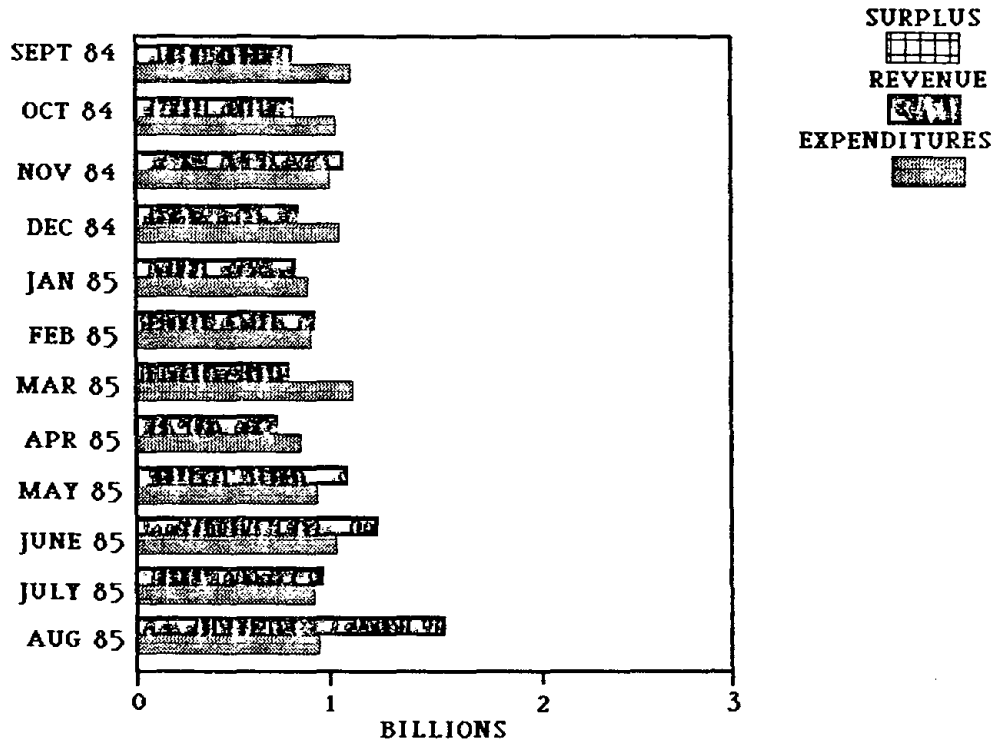
74 CONSTITUTIONAL FUNDS

EXPENDITURES
CONSTITUTIONALLY
RESTRICTED TO NEEDS OF
THESE FUNDS

- Permanent School Fund
- Available School Fund
- Permanent University Fund
- Available University Fund
- Veterans land bond funds
- Texas Park Development Fund
- Water Development Fund
- University building funds
- Eleemosynary funds
- Other

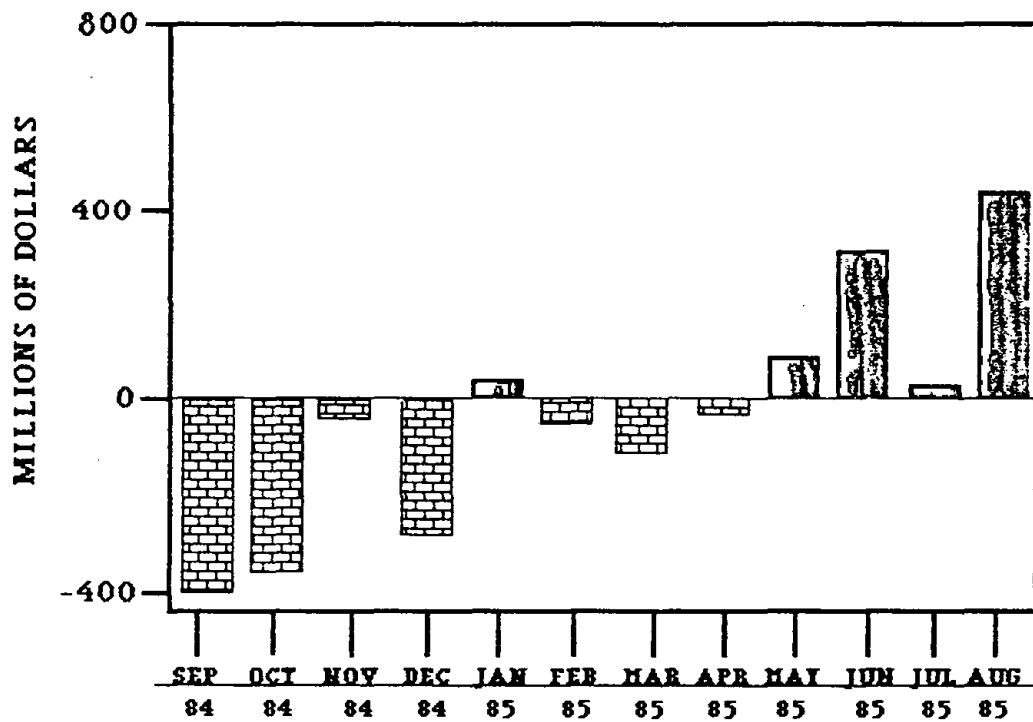
GENERAL REVENUE SHORTFALL

FY 1985 (EST)



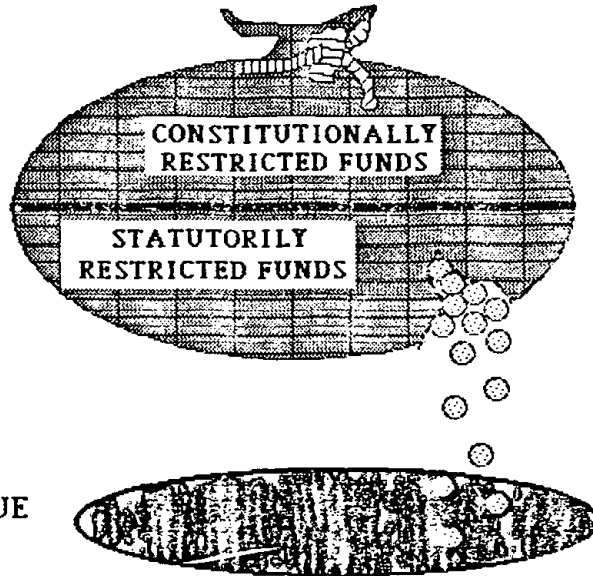
GENERAL REVENUE NET FLOW

FY 1985



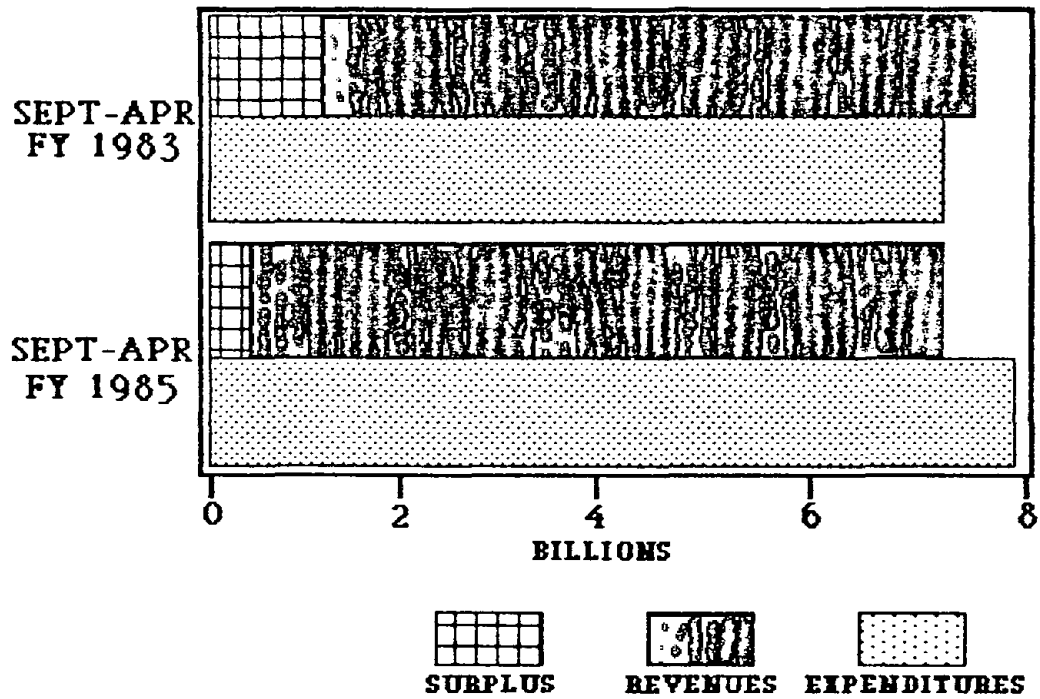
GENERAL REVENUE FUND SHORTFALL

TOTAL CASH IN
THE TREASURY

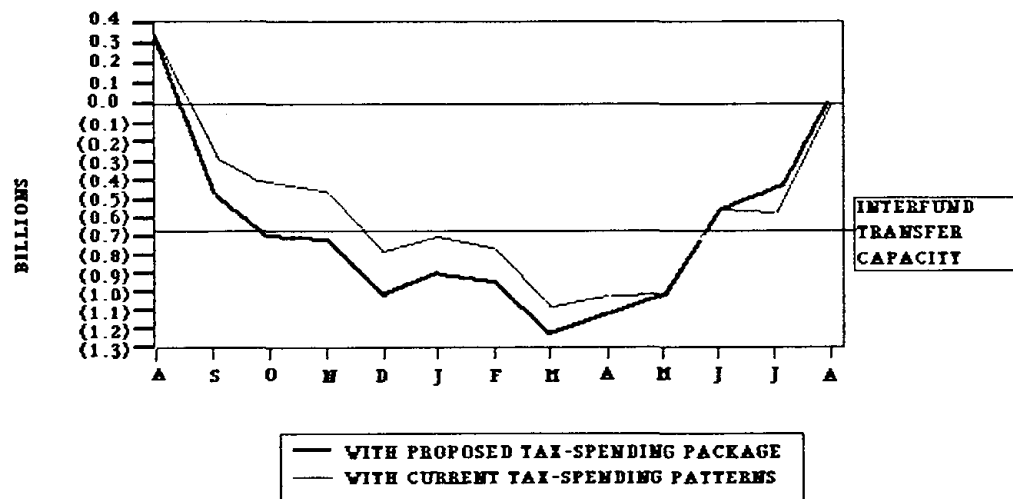


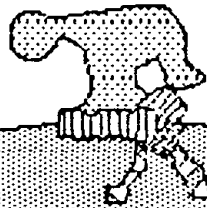
GENERAL REVENUE
SHORTFALL

GENERAL REVENUE



GENERAL REVENUE--FY 1985 (EST)





SPRING '85
CASH FLOW NEED:
\$500 M-\$600 M

NO NEW MONEY NEEDED

MEMORIAL RESOLUTION

S.R. 67 - By Brooks: Memorial resolution for Mr. and Mrs. Virgil Emory Morris.

WELCOME RESOLUTIONS

S.R. 65 - By Leedom: Extending welcome to Maren Howard, Honorary Page for the day.

S.R. 66 - Leedom: Extending welcome to Victoria Reddington, Honorary Page for the day.

ADJOURNMENT

The President announced the purpose of the Joint Session had been accomplished and declared the Senate at 10:41 o'clock a.m. would stand adjourned until 9:30 o'clock a.m. tomorrow in accordance with a motion previously adopted in the Senate.

APPENDIX

Signed by Governor
(June 8, 1984)

S.C.R. 1
H.C.R. 5

**In Memory
of
Bill McAlister**

Senator Montford offered the following resolution:

(Senate Concurrent Resolution 3)

WHEREAS, Bill McAlister died on June 27, 1983, at the age of 43, and the citizens of Lubbock and of the State of Texas were deeply grieved by this tragic event; and

WHEREAS, A native of Lubbock, Mr. McAlister attended Monterey High School in Lubbock, Hardin-Simmons University, and Texas Tech University; and

WHEREAS, At the time of his death, this exceptional individual was serving his second term as mayor of Lubbock; he was also president of McAlister Television Enterprises, Incorporated, which operates KAMC-TV in Lubbock and KMCC-TV in Clovis, New Mexico; and

WHEREAS, This fine man's contributions to his community were felt in many areas; he was a member of the Southwest Lubbock Rotary Club and the Lubbock Lions Club, past president of the Civic Center Board, past vice-president of the Lubbock Chamber of Commerce, and served two terms as a Lubbock city councilman prior to his election as mayor in 1980; and

WHEREAS, Mr. McAlister was an avid fan of Texas Tech University; he served as executive producer and host of the Texas Tech football show, a television program that aired weekly during football season throughout the State of Texas; and

WHEREAS, Well known as a fine father to his three children, he was also recognized as a devout member of the First United Methodist Church; and

WHEREAS, The exemplary personal qualities of this notable Texan have been an inspiration to all who knew him, and he will be remembered with great respect; now, therefore, be it

RESOLVED, That the 68th Legislature of the State of Texas, 2nd Called Session, pay tribute to the life of Mr. Bill McAlister and extend deepest sympathy to the members of his family: to his mother, Majorie McAlister Thompson; to his daughter, Melinda McAlister; and to his sons, Gregory McAlister and Marcus McAlister; and, be it further

RESOLVED, That official copies of this resolution be prepared for the family members, for the officials of the city of Lubbock, and for the officials of McAlister Television Enterprises, Incorporated, and that when the legislature of the State of Texas adjourns this day, it do so in memory of Bill McAlister.

The resolution was read.

On motion of Senator Mauzy and by unanimous consent, the names of the Lieutenant Governor and Senators were added to the resolution as signers thereof.

On motion of Senator Montford and by unanimous consent, the resolution was considered immediately and was adopted by a rising vote of the Senate.